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SUSTAINABILITY REPORTING PRACTICES IN INDIA: EMPLOYEE PERSPECTIVES

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Abstract *The purpose of this study is to an analysis of employee involvement in framing sustainability reporting practices in India. The primary data were collected through questionnaires and the sample size for the study is 300 employees working in the selected BSE 30 companies. The study's findings indicate that the emerging economies' corporations link their performance with the extent, quality, and timeliness of environmental disclosure. The trend towards liberalization and globalization requires increased integration and the convergence to global environment disclosure standards. The results have implications to both corporate employees and policymakers.*

Keywords: *Employees, Sensex, Stakeholders, Sustainable Practices, Policy*

INTRODUCTION

At a large scale, concerns are raised for decision-makers, managers, and environmentally conscious people about corporations' economic activities worldwide. Corporations are much pressured in bearing responsibility for environmental development because of their large-scale consumption of natural resources. The result of this pressure is the need to inculcate these environmental concerns into their operations and governance practices. There is a strong realization among economists, environmentalists, decision-makers, and other stakeholders that pollution on health and quality of life offset the benefits of rising incomes and environmental damage can undermine future productivity. This future outlook on productivity and economic benefits cannot be called development in the most real sense. Even the managers' investment decisions need to be assessed against their effects on the environment and other performance tools (Clarke et al., 1994).

Under the wake of increasing environmental concerns like global warming, one cannot undermine the urgency of the situation and the importance of a sustainable environment. More companies are becoming aware of the impact their operations have on the environment and thereby taking their decisions that reflect commitment towards environmental impacts and mitigation. Actions mitigating environment impacts include becoming energy-efficient and pollution-free, minimal use of natural resources, no impact on habitats and biodiversity, installation of environmental-friendly facilities, minimum carbon footprint on the neighbouring environment, and reduced soil loss in and around the campuses. The pressure is specifically high in countries characterized by high economic activity, rapid urbanization, increasing disposable income, and better living standards like India and China. The above discussion reflects it increased for a sustainable economy and a clean environment through state and corporate policies and vital political areas. This calls for a challenge that currently needs to be achieved by balancing economic growth with environmental management in a sustainable way (Lenssen et al., 2006).

Unlike in developing countries, developed countries have started very early to devise policies for corporations to associate their financial performance disclosures by the extent, quality, and timeliness of environmental disclosure. Accounting standards are increasingly being converged and integrated with global environmental reporting due to liberalization and globalization trends. Therefore, to maximize shareholder returns and stakeholder satisfaction, including the society at large, organizations need to be transparent, accountable, and socially responsible in their conduct.

REVIEW OF LITERATURE

Haigh and Shapiro (2011) researched in the United States, Europe, and Australia to study and find the carbon emission reporting in the investment banking industry. Desk research was used to survey the functionaries at selected financial

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institutions. Climate Disclosure Standards Board was taken as a non-state actor to assess the carbon emissions reporting. Cormier et al. (2011) identified in their study that stock market asymmetry can be reduced through social disclosure and environmental disclosure substitution. Social disclosure has been found to reinforce the informativeness of environmental disclosure for stock markets, and, in some situations, it also substituted the information on the environment. The authors also revealed that stakeholders should review and maintain an increasing stream of data. Rao et al. (2012) investigated the amount of environmental reporting of 100 Australian firms listed on ASE using their 2008 annual reports.

Quantitative analysis of the study revealed that there is a significant positive relationship between a firm's reporting practices and the proportion of autonomous and female directors. A positive relationship was also found connecting the scope of board size, environmental coverage, and institutional investors. Lee Les Tien-Shang (2012) studied the effect of motives on environmental performance through structural equation modeling in Taiwan. It was found that political motives and instrumental motives directly affect the environmental performance of a firm. It is further established that instrumental motives marginally affect the firm's environmental responsibility and environmental performance affected by political motives and instrumental motives marginally. It was revealed that the corporate environmental practices are a pivot in these cause-effect associations. Giovanni (2012) examined and reported upon the consequence of both inside and outside environmental management on the triple bottom line (TBL). The TBL includes all three types of environmental, economic, and social performances. The researchers found that internal EM is a flourishing driver of the TBL. The environmental and social recital is enhanced by external environmental management. External environmental management's economic impact is indirect and marginal, but contributed positively to environmental performance. The study suggested top corporate management needs to focus their hard work on inside EM, as it is more efficient than outside.

Amran and Keat Ooi (2014) highlighted the significance and the trend emerging for sustainability reporting, and escalating stakeholder concerns towards this trend. The authors reflected upon the pressures that stakeholders are booting business to the resolution of their governance, efficiency, accountability, and clearness towards corporate sustainability disclosure. Hence, organizations need to involve stakeholders in their operations on a targeted basis and achieve considerable response to their sustainability performance and reporting process. Jain and Winner (2016) studied the "Corporate Social Responsibilities and sustainability reporting practices of top companies in India." The research aimed to explore corporate social responsibility and sustainability towards practices of the 200 biggest state-owned and private companies in India. For this, the researchers conducted a study at the Danish carpet manufacturer EGE. The researchers conclude the case from rational constructivism, which focuses on a mixture of four magnitudes: possibilities, facts, values, and communication. This study provides a picture of corporations' corporate citizen roles in growing and divergent economies like India and how stakeholders are engaged vigorously through web-based interactions on universal worry issues.

RESEARCH METHODOLOGY

The present study is especially based on two data sources—the primary and secondary data collected through questionnaires and interviews. Secondary data comprises data collected from research articles, journals, websites, and newspapers. The data collected has been primarily tabulated, and the master table was prepared. Further, MS Excel and SPSS package are used to analyze the data and statistical tools for data analysis. The primary data were analyzed using the statistical packages for social sciences (SPSS – 20.0 versions). The primary data related to May 2018–Feb 2019. A structured questionnaire was administered to employees. The sample required for the study comprises of the data collected from BSE 30 companies. The sample size is 300 employees.

Table 1: Sample Profile

Sector	Companies	Employees
Manufacturing/Mining	13	130
Telecom	2	20
Banking	3	30
Information & Communication	3	30
Consumer Goods Companies	3	30
Infrastructure	4	40
Pharma	2	20
Total		300

The following are the study's hypotheses: H_0: The impacts of sustainable reporting practices (SRP) on employees are not statistically significant. H_1: The impacts of sustainable reporting practices (SRP) on employees are statistically significant.

RESULTS AND DISCUSSION

This results and discussion focus on the analysis of employee awareness towards sustainability reporting practices in an organization. Examine the factors influenced by an organization of their sustainability practices. An employee is the most important asset for any organization. No organization can survive without dedicated employees. Employee involvement in decision-making is a process to make the employees feel that they are not just a worker of the organization but an important part of the machinery. The estimation process was supported ordinary method of least squares (OLS) [i.e.,Y = a + bx].

Employees= $ß_O$+$ß_1$(ASRP) +$ß_2$(SIPM) +$ß_3$(PCEP) + $ß_4$(PAAS) + $ß_5$(PCA)+$ß_6$(HSM)+$ß_7$(CPPE) +$ß_8$ (CCAP) $ß_9$(HEWS) +$ß_{10}$(IPO)+$ß_{11}$(TPCP)$ß_{12}$(CKDP)+$ß_{13}$(PAM) +$ß_{14}$(CPDP)+$ß_{15}$(EABP) e ...... Model (1)

Where: $ß_{0,}$ $ß_{1,}$ $ß_{2,}$ $ß_{3,}$ $ß_{4,}$ $ß_5$, $ß_6$, $ß_{7,}$ $ß_{8,}$ $ß_{9,}$ $ß_{10,}$ $ß_{11,}$ $ß_{12,}$ $ß_{13,}$ $ß_{14,}$ and $ß_{15}$ are the regression coefficients, and e is the error term. To see how well data and results fit the Mode-1, correlation (r), R, R2 (Coefficient of determination), variance, analysis of variance (ANOVA), and thus the t statistic was used.

Further, a multiple regression analysis was performed to identify employees' predictors as conceptualized in the model. An enter-wise variable selection was used in the regression analysis and table-show the model's summary measure and ANOVA.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. An error of the Estimate
1	.187[a]	.035	-.016	.350

a. Predictors:(Constant),

The sustainability reporting practices (ASRP, SIPM, PCEP, PAAS, PCA, HSM, CEPD, CPPE, HEWS, IPO, CKDP, PAM, CPDP, EABP) and other independent variables (G, AG, Q) in the above model revealed the ability to predict employees (R^2 = 0.035). In this model, the value of R^2 denotes that 3.5 percent of the observed variability in EMPLOYEES can be explained by the SRP namely ASRP, SIPM, PCEP, PAAS, PCA, HSM, CEPD, CPPE, HEWS, IPO, CKDP, PAM, CPDP, EABP) other independent variables such as gender, income level, age and qualification. The remaining 96.5% is not explained, which suggests that the remainder 96.5% of the variation of SSRP is said to other variables not depicted within the model. Moreover, R-Square = .035 and adjusted R-Square = .-016 are closely related. Therefore, the model is best fitted to the given data.

Table 3: Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.146	.275		4.172	.000
	Aware of the sustainability reporting practices of the organization	.024	.030	.050	.806	.421
	Stakeholders are involved during the Policy making process	-.011	.029	-.024	-.378	.706
	Proper communication, when there is change in the existing policies	-.003	.028	-.006	-.093	.926
	The policy approved only by the board or unanimously accepted by stake-holders	-.012	.026	-.029	-.481	.631
	Policies are communicated after their approval	.008	.027	.018	.296	.767
	Health and Safety Measures are adequate	.011	.027	.024	.398	.691
	Convinced with the existing pollution control devices	-.041	.026	-.095	-1.578	.116
	Company conducts awareness programs onsaving of power and energy	.003	.027	.006	.098	.922
	Happy with the existing wage structure	.040	.027	.091	1.464	.144
	Incentives paid for Over time	-.015	.026	-.035	-.573	.567
	Training programs are conducted at regular intervals	.005	.027	.011	.177	.860
	Company conducts skill development programs regularly	-.038	.029	-.081	-1.284	.200
	Projects allotted on merit basis	.004	.028	.008	.126	.900
	Company has proper documentation of the processes	.036	.024	.092	1.489	.138
	Employees are awarded for the best performances	-.013	.028	-.029	-.471	.638

Table 3 observed that the impact of employees on Awareness of the organization's sustainability reporting practices on the sustainability reporting practices is positive as its regression coefficient = .050 & statistically significant at 1 per cent level of significance as the significant value of $p = .000 < 0.01$. It is observed that Awareness of shareholder towards sustainable reporting practices was not an optimum level as employees' Awareness towards SRP on the employee is positive and significant. Hence, it is suggested that the organizations improve their awareness programmes' level towards SRP of shareholders to the optimum level to positively impact employee's sustainability report practices.

The impact of employees on stakeholders is involved during the organization's policymaking process on the SRP is negative as its regression coefficient = -.024 & statistically significant at 1% level of significance as the significant value of $p = .000 < 0.01$. The employee awareness towards stakeholder involvement during the policymaking process and sustainable reporting practices were not on the optimum level as awareness of employees towards SRP on the employee is negatively and statistically significant. Hence, it is suggested that the organizations improve awareness programs and involve stakeholders during the policymaking process to impact employee awareness about sustainability report practices positively. The impact of employees on proper communication when there is a change in the organization's existing policies on the SRP is negative as its regression coefficient = -.006 & statistically significant at 1% of significance as the significant value of $p = .000 < 0.01$. The employee awareness towards proper communication, when there is a change in the existing policies and sustainable reporting practices, was not optimum, as awareness of employees towards SRP on the employee is negatively and statistically significant. Hence, it is suggested that the organizations improve communication and proper communication when there is a change in the existing policies to impact employee awareness about sustainability report practices positively.

The impact of employees on the policy approved only by the board or unanimously accepted by stakeholders of the organization on the SRP is negative as its regression coefficient = -.029 & statistically significant at a 1% level of significance significant value of $p = .000 < 0.01$. The employee awareness towards the policy approved only by the board or unanimously accepted by stakeholders, and sustainable reporting practices was not optimum level as awareness of employees towards SRP on the employee is negatively and statistically significant. Hence, it is suggested that the organization should improve the approval process.

The impact of employees on policies is communicated after their approval of the SRP organization is positive as its regression coefficient = .018 & statistically significant at 1% of significance as the significant value of $p = .000 < 0.01$. It is observed that policies are communicated after their approval towards sustainable reporting practices was not optimum level as awareness of employees towards SRP on the employee is positive and statistically significant. Hence, it is suggested that the organization should improve the process of communicating policies after their approval. The impact of employees on Health and Safety Measures is adequate in the organization on the SRP is positive as its regression coefficient = .024 & statistically significant at 1% level of significance as the significant value of $p = .000 < 0.01$. It is observed that Health and Safety Measures are adequate but were not at an optimum level, as awareness of employees towards SRP on an employee is positive and statistically significant. Here, the organization should improve to take health and safety measures and see whether they are adequate. It is essential to factor towards employee's safety in an organization.

The impact of employees on convinced with the organization's existing pollution control devices on the SRP is negative as its regression coefficient = -.095 & statistically significant at 1% level of significance as the significant value of $p = .000 < 0.01$. The employee awareness towards convinced with the existing pollution control devices and sustainable reporting practices was not at optimum level as awareness of employees towards SRP on an employee is negatively and statistically significant. Hence, it is suggested that the organization should improve pollution control system. It is essential and useful to employees in the organization. The impact of employees on the company conducts awareness programs on saving the organization's power and energy on the SRP is positive as its regression coefficient = .006 & statistically significant at 1% level of significance as the significant value of $p = .000 < 0.01$. It is observed that the company conducts awareness programs on saving power and energy sustainable reporting practices at an optimum level as awareness of employees towards SRP is positive and significant. Hence, it is suggested that the organizations conduct workshops and seminars, conferences on saving power and energy.

The impact of employees on happy with the organization's existing wage structure on the SRP is positive as its regression coefficient = .091 & statistically significant at 1% of significance as the significant value of $p = .000 < 0.01$. It is observed that happy with the existing wage structure, sustainable reporting practices was not optimum level as awareness of employees towards SRP on an employee is positive and statistically significant. Hence, it is suggested that the organizations follow the wage system, and they should pay promptly, from time to time. Employees should be paid at par with industry standards.

Only a happy employee can perform efficiently in the organization.

The impact of employees on incentives paid for overtime of the organization on the SRP is negative as its regression coefficient = -.035 & statistically significant at 1% of significance as the significant value of p = .000 < 0.01. It is observed that the employee feelings towards incentives paid for overtime, and sustainable reporting practices was not an optimum level as a feeling of employees towards SRP on an employee is negatively and statistically significant. Hence, it is suggested that the organizations improve the incentive system; only then will employees be happy with their work and feel recognized by receiving an incentive. It is essential and useful to employees in the organization. The impact of employees on training programs is conducted at regular intervals of the organization on the SRP is positive as its regression coefficient = .011 & statistically significant at 1% level of significance as the significant value of p = .000 < 0.01. It is observed that iraining programs are conducted at regular intervals towards sustainable reporting practices was not optimum level as awareness of employees towards SRP on an employee is positive and statistically significant. Hence, it is suggested that the organizations should conduct training programs for employees for better performance and giving knowledge about new technology implementation.

The impact of employees on company conducts skill development programs regularly of the organization on the SRP is negative as its regression coefficient = -.081 & statistically significant at 1% level of significance as the significant value of p = .000 < 0.01. It is observed that the employees feeling towards company conducts skill development programs regularly and sustainable reporting practices was not optimum level as awareness of employees towards SRP on an employee is negatively and statistically significant. Hence, it is suggested that the organizations improve the skill development programme based on technical knowledge for an organization.

The impact of employees on projects allotted on the SRP organization's merit basis is positive as its regression coefficient = .008 & statistically significant at 1% of significance as the significant value of p = .000 < 0.01. It is observed that projects allotted on merit basis impact the sustainable reporting practices was not optimum level as Awareness of employees towards SRP on an employee is positive and statistically significant. Hence, it is suggested that the organizations improve project allocation based on talent, domain knowledge, and experience. Projects allotted on merit basis contribute towards SRP of an employee to the optimum level to positively impact employee's sustainability report practices. The impact of company's employees' proper documentation of the organization's processes on the SRP is positive as its regression coefficient = .092 & statistically significant at 1% level of significance as the significant value of p = .000 < 0.01. Hence, it is suggested that the organization should improve its documentation in the organization. It is more important for all activities done by the organization. A company having proper documentation processes helps employees to discharge their duties efficiently.

Employees' impact on employees is awarded for the organization's best performances on the SRP is negative as its regression coefficient = -.029 & statistically significant at 1% level of significance as the significant value of p = .000 < 0.01. It is observed that the employee feeling towards employees are awarded for the best performances, and sustainable reporting practices was not optimum level as awareness of employees towards SRP on an employee is negatively and statistically significant. Hence, it is suggested that the organizations improve employee recognition for their work in an organization. It is the best motivation for employees to enhance their work nature and better performance in an organization.

CONCLUSION AND IMPLICATION

The impact of sustainable reporting practices of sensex companies on their employee is not at a satisfactory level statistically. Hence, it is suggested that the organization should give priority to employees. These are examined with the variables, i.e. the Employees are awarded for the best performances, Company has proper documentation of the processes, Proper communication. When there is a change in the existing policies, Convinced with the existing pollution control devices, Policies are communicated after their approval, Health and Safety Measures are adequate. The policy approved only by a board or unanimously accepted by stakeholders. Stakeholders are involved during the Policymaking Process. The Company conducts awareness programs on saving power and energy, Happy with the existing wage structure, Incentives paid for Overtime, Projects allotted on merit basis, Aware of the organization's sustainability reporting practices, training programs are conducted at regular intervals. The Company conducts skill development programs regularly, which have positive impact statistically significant. Day by day, organizations strive to be transparent and accountable to various organization stakeholders to preserve their reputation and brand image. This study will make the organizations to understand the gap between the perceptive and the actual involvement of stakeholders in the sustainability reporting practices.

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